



Department of Housing and Urban Development
Public and Indian Housing

Special Attention:
Section 8 Public Housing Agencies;
Public Housing Office Directors
Troubled Agency Recovery Center Directors

Notice PIH 99-41 (HA)

Issued: September 9, 1999
Expires: September 30, 2000

Cross References:

Subject: **Section 8 Management Assessment Program (SEMAP)**
 Technical Amendment and Revised Certification Form

1. **Purpose** This notice announces publication of a Section 8 Management Assessment Program technical amendment. The notice transmits the July 26, 1999 Federal Register publication of the technical amendment and a revised SEMAP Certification, form HUD-52648 (6/99).

2. **Effective Date** August 25, 1999.

3. **Technical Amendment to Rule** The technical amendment revises the SEMAP final rule to base ratings for the first seven SEMAP indicators, and for the deconcentration bonus indicator, on the public housing agency's (PHA's) SEMAP certification to HUD rather than on the independent auditor annual audit report. The Office of Management and Budget (OMB) recommended the technical amendment to conform to its requirements under the Single Audit Amendments Act of 1996.

4. **Role of the Independent Auditor** Under the original SEMAP final rule, the independent auditor would have specifically tested and reported on a PHA's performance under each of the first seven SEMAP indicators, and on the deconcentration bonus indicator, and the PHA's ratings on those indicators would have been based directly on information in the auditor's report. Under the technical amendment, the independent auditor is still expected to consider program compliance in these areas as part of the single audit, but HUD will not require the auditor to test minimum sample sizes or to report any specific information on his findings in the audit report. The extent of testing and reporting will be determined by the auditor in his professional judgment. A PHA's ratings on any of the indicators tested by the auditor may be subject to change by HUD if the audit report indicates that a PHA's certification on any of the indicators is not accurate.

The OMB Circular A-133 audit compliance supplement for the Section 8 tenant-based programs is being revised by OMB to

provide guidance to auditors on the SEMAP compliance requirements that HUD expects the auditor to consider, audit objectives and suggested audit procedures. When OMB issues the revised compliance supplement, HUD will issue the compliance supplement to PHAs in a PIH notice.

5. Revised SEMAP Certification Form and PHA Supervisory Quality Control Reviews In order to assign ratings based on the PHA's certification, the SEMAP certification form (form HUD-52648 (6/99)) has been revised to require the PHA to certify as to the extent of its compliance with program requirements under four of the SEMAP indicators: (1) Selection from the Waiting List; (2) Reasonable Rent; (3) Determination of Adjusted Income; and (4) HQS Enforcement. The technical amendment requires a PHA to conduct supervisory quality control reviews in these four areas in order for the PHA to certify concerning the extent of compliance. The technical amendment adds a new definition for "HA's quality control sample" which specifies the minimum sizes of the quality control samples to be drawn to determine if PHA procedures meet program requirements.

The revised SEMAP certification form also requires the PHA to certify in more detail concerning its compliance with program requirements under the indicators for the Utility Allowance Schedule and Expanding Housing Opportunities.

PHAs with a fiscal year end of September 30, 1999 must use the revised (6/99) form HUD-52648.

6. HQS Quality Control Inspection Sample Sizes The SEMAP technical amendment also revised the SEMAP standard under HQS quality control inspections to require quality control reinspections of the same minimum sample size as is now required for other supervisory quality control reviews. The requirement for a five percent HQS quality control sample no longer applies.

7. SEMAP Changes due to Section 8 Merger The Department plans to make additional minor technical amendments to the SEMAP rule in the near future as a result of the merger of the rental voucher and certificate programs. In particular, the fair market rent (FMR) limit component of the SEMAP indicator for FMR and payment standards will be removed. The permissible payment standard range stipulated in the SEMAP rule will be changed to 90 to 110 percent of the published FMR to conform to the merger rule. The SEMAP Certification form will also undergo another revision to address these issues and to provide for FSS program size reductions based on the number of families who complete their FSS contracts after October 21, 1999.

8. **Effective Date of SEMAP Ratings** The Department still expects that the first SEMAP ratings will occur in about April 2000, for PHAs whose fiscal years end December 31, 1999. The Department will publish a Federal Register notice of the precise effective date for implementation of ratings under SEMAP.

/s/

Harold Lucas
Assistant Secretary for
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Attachments (Available in HUDCLIPS)